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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

7 July 1952

STAFF MEMORANDUM NO. 251

SUBJECT: The Guerrilla Situation in Malaya

1. Under the administration of the newly appointed High Commissioner of the Federated Malay States, General Gerald Templer, the anti-guerrilla campaign in Malaya, has apparently met with some success as indicated by higher guerrilla casualty and surrender lists and the slaying of Manap Jepun, top Malayan Red.

PRESENT BANDIT SITUATION

2. The present situation in Malaya is one of stalemate. Maintaining a constant operational strength of 4,000 of whom 95 percent are Chinese, the guerrillas continue to tie down 140,000 Security Forces (including 40,000 Commonwealth troops). There are indications that the resettlement of 500,000 Chinese "squatters" has partially cut off guerrilla food supply and disrupted the organization of agents among the rural inhabitants. However, some Communists have inadvertently been included in the resettlement program and this, together with inadequate security provisions, has enabled the new villages to provide aid to the guerrillas. Moreover, resentment of many of the villagers toward their forced move makes them vulnerable to Communist infiltration.

3. In the past several months improved training has enabled the Malayan Races Liberation Army (MRLA) to attack the economy of Malaya more effectively. Inadequate security forces are unable to assure protection against the guerrillas; consequent "strikes" among

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the laborers and a lack of competent supervisory personnel have resulted in lowered production both on the rubber plantations and in the tin mines. Systematic replanting of rubber trees or prospecting for new tin lodes in virtually impossible.* 25X1C

4. There is some recent evidence of a new Communist line in Malaya. According to [redacted], the guerrilla warfare is not succeeding owing to the resettlement program and the failure to create a mass base. [redacted] implies that terrorism might be replaced by "underground penetration." A re-examination of policy is consistent with recent shifts in emphasis in other Asian Communist parties, and the MCP will undoubtedly increase its efforts to penetrate schools, trade unions, and communal associations. However, there is no convincing evidence that such efforts would replace the present campaign of terrorism. 25X1C

CHINESE COMMUNIST AND SOVIET INFLUENCE

5. Until recently it was believed that the Malayan Communist Party (MCP) had only indirect liaison with Peiping. Latest evidence, however, indicates a Chinese Communist Party (CCP) network in Malaya. The CCP is concentrated in the schools and cultural circles, leaving the trade unions and terrorist campaign to the MCP. There is, moreover, evidence of an underlying clash between the two parties with the MCP concerned about its being considered an expendable weapon. Former MCP members have been received coolly in China in contrast to the royal reception and special training afforded to Malayan-Chinese students who are encouraged to be loyal to China rather than to Malaya.

FUTURE PROSPECTS

6. No over-all improvement in internal stability is likely during the next year. Steps to increase the representation of the Chinese on the police force and Home Guard have been taken to allay the suspicions of the police held by the Chinese communities. Measures

* The economic strains imposed by lowered production are further aggravated by current low prices for rubber; a one cent (Malayan) drop in the rubber price costs the Government about \$650,000 (US) in revenue - funds which are vitally needed to wage the anti-guerrilla campaign.

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designed to retrain and reorganize local security forces will gradually intensify pressure on the Communists and enable the government forces to concentrate on offensive rather than defensive tactics. In the meantime, short-term measures such as the encouragement of informers, while perhaps more of psychological than intelligence value, may foster good relations between the security forces and communal groups.

7. The success of any long-range measures in Malaya, whether military or political, depends first on eliminating the general apathy of the local Chinese who comprise 38 percent of the total population. The Chinese count on a strong government in China to safeguard their interests, both economic and political, in Malaya. Moreover, British recognition of Communist China has encouraged Chinese apathy. A dual program of land tenure and self-government in the resettled villages and the decision of the Federal Legislative Council to extend citizenship to 200,000 Chinese are steps in the direction of increasing Chinese participation in the struggle against the Communists. Official British policy is to encourage political associations that cut across communal groupings. The successful recent coalition of the Malayan Chinese Association and the United Malay Nationalist Organization, the intention of the Malayan-Chinese Association to transform itself from a welfare organization into a full-fledged political party, and the formation of an All-Malayan Labor party, are recent results of this policy.

8. At best, the outlook for Malaya during the next year is one of continued stalemate. The government will probably achieve limited successes against the Communist guerrillas, but rubber and tin production will be hampered and long-range economic developments prevented. However, the resettlement program and measures to increase popular support may increase prospects of eventual success.

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NOTE: The material for this memorandum was prepared by [redacted]

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